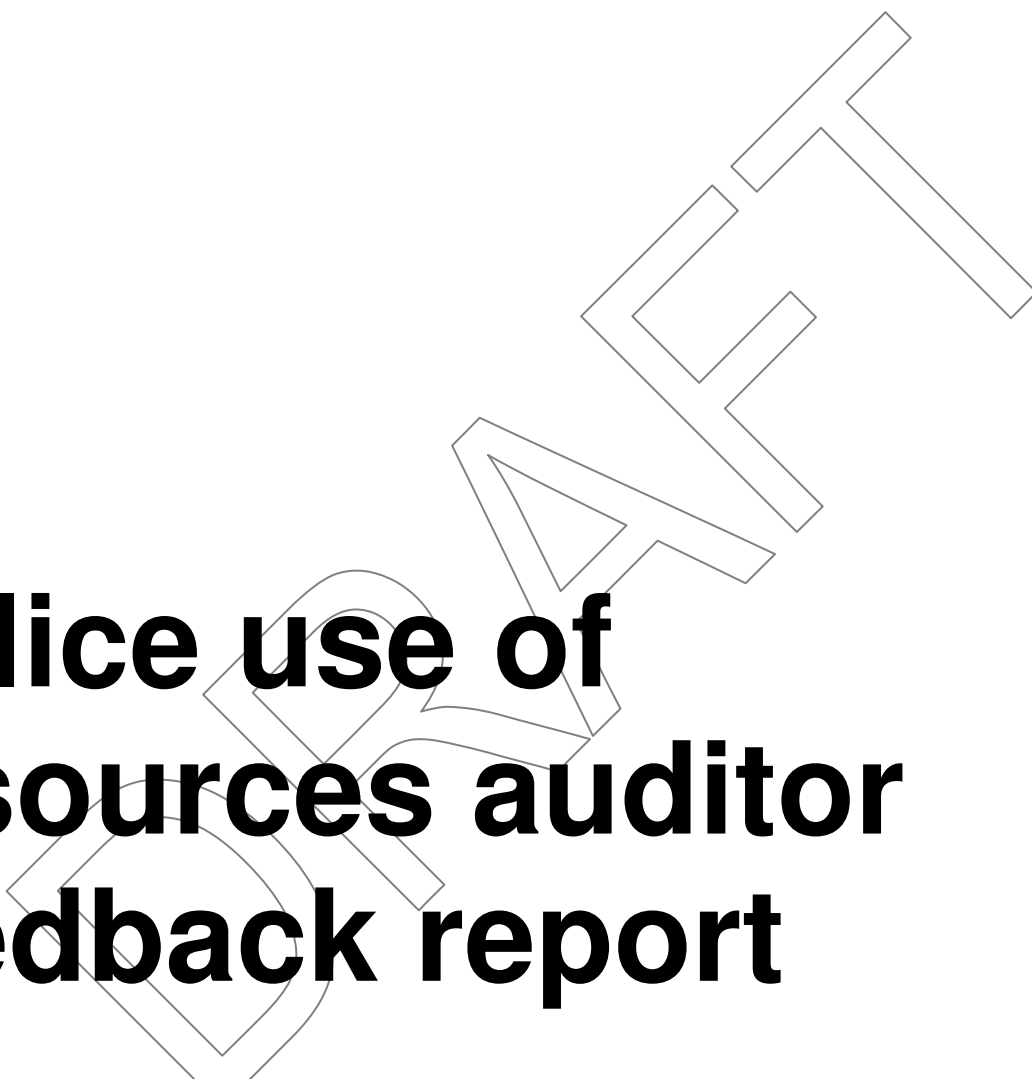


Police Use of Resources

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Police use of resources auditor feedback report

Humberside Police Authority

Audit 2007/08

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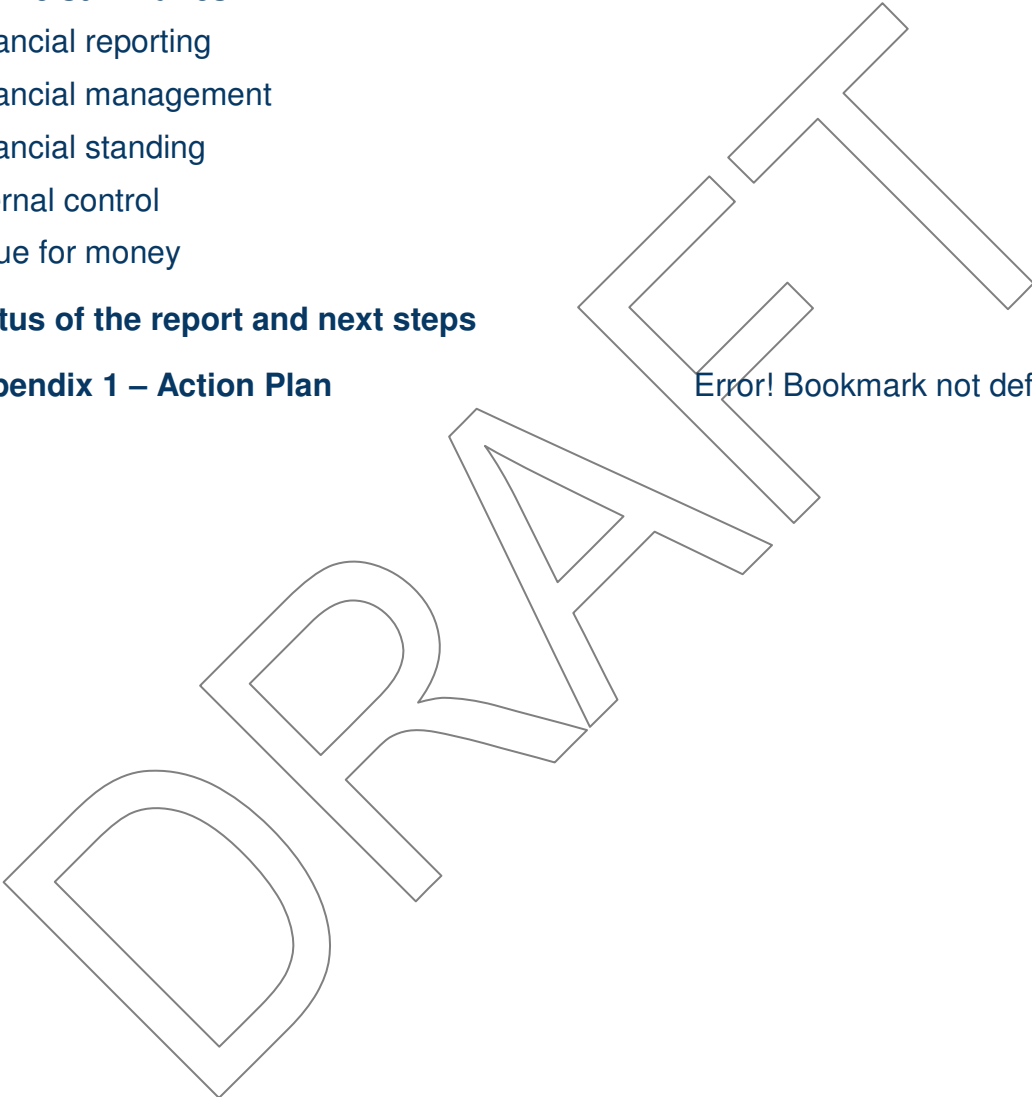
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Introduction

- 1 This report presents the results of the 2007/08 police use of resources assessment (PURE) at Humberside Police Authority. As the Audit Commission's appointed auditor to the Police Authority, we undertook this review as part of our responsibility to examine the economy, efficiency and effectiveness of the Authority's use of resources under section 5(1)(e) of the Audit Commission Act 1998. We commenced work in March 2008 and the majority of the supporting evidence was made available from 20th May 2008 onwards.
- 2 We have completed our review in accordance with the methodology and guidance issued by the Audit Commission (the Commission). The results have been subject to internal and national quality control arrangements, designed to ensure compliance with the methodology and guidance, and consistency.
- 3 This report summarises the approach taken and the results of the assessment. It also highlights areas for improvement based on the criteria issued by the Commission.

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Approach and scoring

- 4 The PURE assessment requires auditors to form judgements on the police authority and force arrangements to secure effective use of resources across five themes:
 - financial reporting;
 - financial management;
 - financial standing;
 - internal control; and
 - value for money.
- 5 Each theme consists of key lines of enquiry (KLOE) and areas of audit focus. Auditors are required to make a judgement for each KLOE against a set of 'descriptors' or 'criteria'. Judgements are made using the Audit Commission's scoring scale:
 - 1 = below minimum requirements – inadequate performance;
 - 2 = only at minimum requirements – adequate performance;
 - 3 = consistently above minimum requirements – performing well; and
 - 4 = well above minimum requirements – performing strongly.
- 6 The Commission will determine the overall use of resources score by combining the auditor's separate scores for each of the themes covered.
- 7 In forming our assessment, we take account of the methodology set out in the PURE guidance to auditors, and briefings to Police Authority Treasurers and Force Finance Directors issued between October 2007 and February 2008.
- 8 This is the third year auditors have undertaken PURE assessments. The key principles for the 2007/08 approach is a risk based and proportionate refresh of 2006/07 findings, with a focus on:
 - key changes to the KLOE referred to in Police Authority guidance;
 - actions by Police Authorities and Forces to address improvement opportunities identified in the 2006/07 PURE assessment;
 - for scores of 3 and above, considering whether relevant arrangements are 'embedded' - they have been operating consistently with clear outputs and are having an impact; and
 - for scores of 4 (performing strongly) considering whether, in addition to meeting the descriptors/criteria, Police Authorities can demonstrate innovation or best practice that can be shared with others.

Summary of scores for Humberside Police Authority

- 9 Table 1 summarises the scores for each theme alongside the results reported last year.

Table 1 Humberside Police Authority - summary of use of resources scores by theme

Overall, Humberside Police Authority has improved in its use of resources during 2007/08.

Use of resources theme	2007/08 score	2006/07 score
Financial reporting	To be reported in October 2008	3
Financial management	2	2
Financial standing	3	3
Internal control	2	2
Value for money	3	2

Audit Commission

Key messages and actions for the Police Authority

- 10 This summary sets out key findings; both overall for the Police Authority and Force and in relation to each theme, summarising strengths and areas for improvement.

Overall messages

- 11 The overall messages from our work are as follows:

- Overall theme scores:
 - Financial reporting – To be reported in October 2008.
 - Financial management – The level 2 score for 2007/08 is maintained. Whilst there is no movement in this overall score, there has been continuing improvement in the standard of financial management through the evolution of the Medium Term Financial Strategy (MTFS) and strengthening of linkages to other key strategies. The Authority has improved the focus of budget monitoring reports and clarified arrangements for carrying forward budgets.
 - Financial standing – The Authority continues to maintain a healthy financial standing position and the level 3 score is maintained. The Authority faces challenges in the medium term as reserves are applied to key priorities and 'spend to save' activities will need to be managed effectively.
 - Internal control – The level 2 score for 2007/08 is maintained. Whilst there is no movement in this overall score, progress has been made in the areas of risk management, internal control and maintaining standards of business conduct.
 - Value for money – The level 3 score is an improvement on the 2006/07 score of 2. This reflects sustained, and in some cases exceptional, improvements in key areas which are achieving demonstrable outcomes.
- The overall theme scores are based on evidence provided by the Authority at the time of assessment. The approach to the 2008/09 Use of Resources assessment will be challenging in that the KLOE will focus more on value for money achievements and outcomes and outputs rather than processes, and are more strategic and less detailed. In order for the scores to continue to accurately reflect the true position and level of progress being made, the Authority needs to put in place arrangements for identifying and collating supporting evidence in a timely manner.

Role of the police authority

- 12 The Authority continues to make progress in its contribution to ensuring effective use of resources. Evidence shows that the Authority:

- has strengthened the linkages between the MTFS and other key strategies, and approved the 2008/9 – 12/13 strategy document;
- has reviewed the level of reserves it feels is adequate, in conjunction with arrangements for ensuring that unexpected year end underspends are applied in line with key policies and strategies;
- has strengthened the internal control environment through approval of revised governance documents; and
- has monitored the risk management arrangements in place at the Force through the Finance Committee.

Actions for police authority members

13 The key actions required to improve arrangements further are:

- develop further the approach to manage specific Authority business risks alongside the current Force arrangements;
- strengthen links between the MTFS and other key strategies;
- ensure that current and developing partnerships have appropriate governance arrangements, results are evaluated to ensure they provide value for money, and that the financial performance of such partnerships is reviewed and acted upon; and
- provide a clear direction to the Force in the promotion of environmentally-friendly policies and procurement practices.

Theme summaries

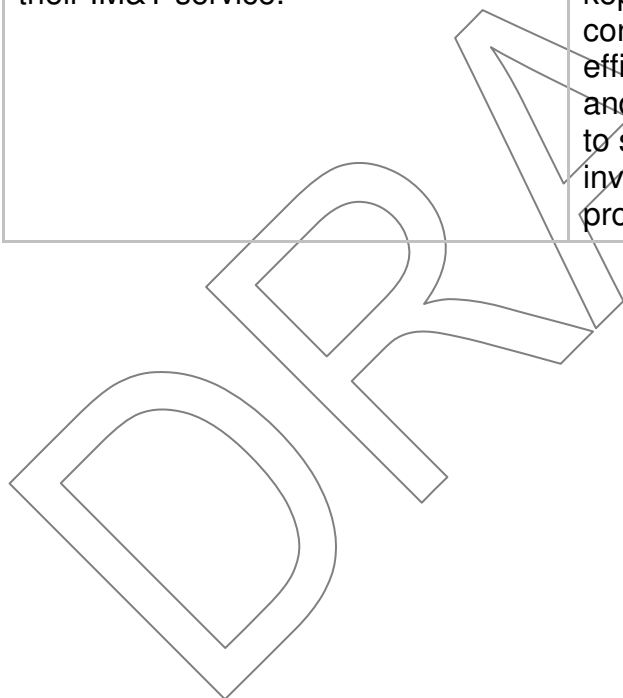
Financial reporting

Theme score - 3	
Purpose	
To assess the strength of the Authority's and Force's financial accounting and reporting arrangements.	
Key findings and conclusions	
<p>We will be finalising our assessment of financial reporting following the audit of the Authority's financial statements for 2007/08. The financial reporting theme will be updated with the scores, key message, strengths and areas for improvement by the end of October 2008.</p> <p>Closedown arrangements for production of the financial statements are embedded and have been found to be operating effectively in previous years. It is expected that these arrangements will continue to operate effectively as part of the production of the 2007/08 financial statements.</p> <p>The agenda, reports and minutes for meetings of full Authority and committees are made available to the public, on the Authority's external website, on a timely basis and in accessible formats.</p>	
Improvement opportunities	
KLOE 1.1 The authority produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.	
KLOE 1.2 The authority promotes external accountability.	

Financial management

Theme score - 2	
Purpose	
To assess how well the Authority and Force plan and manage their finances.	
Key findings and conclusions	
<p>The Authority has demonstrated adequate performance within this theme. The Medium Term Financial Strategy (MTFS) continues to be developed as a key planning document, and the 2008/09 – 2012/13 MTFS was approved by the Authority on 12th February 2008.</p> <p>Arrangements have been put in place to address unexpected year end budget underspends through the Performance Improvement Reserve. Whilst the impact of these arrangements is yet to be seen, this is a positive step to ensuring that resources continue to be applied in line with long term financial objectives.</p> <p>The ability of the Authority to identify and understand the needs of its diverse communities has been strengthened by the appointment of an Equalities Officer across the four Yorkshire and Humber Police Authorities, and an Equalities Impact Assessment of the Community Engagement Strategy has been produced. This process should be extended to cover all of the Authority's strategies.</p>	
Improvement opportunities	
<p>KLOE 2.1 The Authority's medium-term financial strategy (MTFS), budgets and capital programme are soundly based and designed to deliver its strategic priorities.</p>	<p>The Force and Authority should ensure that the Force has undertaken equalities impact assessments of its strategies, and the authority exercises its responsibilities for monitoring equalities issues and understands the effect and impact these will have on its diverse communities</p> <p>The Authority should ensure that as the MTFS evolves:</p> <ul style="list-style-type: none"> • Authority and Force business planning further integrates with financial planning; • Authority and Force business planning drives the medium-term financial strategy and internal resource allocation, with changes

Theme score - 2	
	<p>in allocations determined in accordance with policies and priorities; and</p> <ul style="list-style-type: none"> • The medium-term financial strategy strengthens links to other internal strategies/plans as appropriate, such as human resources and ICT.
KLOE 2.2 The Authority and Force manage performance against budgets.	The financial performance of significant partnerships should be regularly reviewed, linked to outputs, and the results shared with partners and acted upon.
KLOE 2.3 The Authority and Force manage their asset base (including their estate and vehicle fleet) and their IM&T service.	Given the planned move to a new asset management system, the Authority should ensure a record is kept of all of its land and buildings that contains accurate data on its efficiency, effectiveness, asset value and running costs which can be used to support decision making on investment and disinvestment in property.



Financial standing

Theme score - 3	
Purpose	
To assess how well the Authority safeguards its financial standing.	
Key findings and conclusions	
<p>The Authority has demonstrated that it is performing strongly within this theme, with the Authority and Force continuing to maintain overall spending within budget.</p> <p>The Authority retains adequate reserves so that unexpected demand-led pressures on its budgets can be met without adverse impact on the achievement of the Authority's key priorities.</p> <p>Given the likelihood of tighter financial constraints in the medium term, the Authority should continue to ensure that there are adequate arrangements in place to identify and address any deterioration in its overall financial position.</p>	
Improvement opportunities	
<p>KLOE 3.1 The Authority manages its spending within the available resources.</p>	<p>Members should set challenging targets for a comprehensive set of financial health indicators, monitor performance against such indicators and take action to ensure that targets are met.</p> <p>Where target levels of reserves are exceeded, the Authority should identify and report to Members the opportunity cost of maintaining these levels, and compare it to the benefits that may have accrued.</p>

Internal control

Theme score - 2	
Purpose	
To assess how well the Authority's and Force's internal control environment enables them to manage their significant business risks.	
Key findings and conclusions	
<p>The Authority has demonstrated adequate performance within this theme. Risk management arrangements within the Force continue to strengthen, and the Force Audit Board effectively monitors compliance with professional standards and codes of conduct.</p> <p>Whilst the overall outcome during 2007/08 did not meet level 3 KLOE criteria, and the overall score in this area remains the same as the 2006/07 assessment, work on strengthening the risk management arrangements within the Authority is ongoing and progress has also been made in the areas of internal control and maintaining standards of business conduct.</p> <p>Business continuity plans were tested in reality by the June 2007 floods and were found to be robust.</p> <p>The Authority has successfully adapted the arrangements in place to produce the Statement of Internal Control in previous years, to apply to the Annual Governance Statement requirements.</p> <p>A revised Scheme of Delegation, Financial Regulations and Contract Standing Orders were approved by the Police Authority on 18th Dec 2007.</p>	
Improvement opportunities	
<p>KLOE 4.1 The Authority and Force manage their significant business risks.</p>	<p>The Authority should ensure that recommendations arising from the current ALARM gap analysis are actioned. These recommendations should ensure that:</p> <ul style="list-style-type: none"> • The business risk management process is updated at least annually; • The business risk management process specifically identifies risks in relation to partnerships and provides for assurances to be obtained about the management of those risks; • All appropriate staff are given relevant training and guidance to

Theme score - 2	
	<p>enable them to take responsibility for managing risk within their own working environment;</p> <ul style="list-style-type: none"> • The Authority members and officers with specific responsibility for business risk management have received risk management awareness training; and • The member committee with responsibility for business risk management receives reports on a regular basis, and takes appropriate action to ensure that corporate business risks are being identified and effectively managed, including reporting to the full authority as appropriate
KLOE 4.2 The Authority and Force have arrangements in place to maintain a sound system of internal control.	The Authority and Force should ensure that they have an assurance framework that maps the Authority's strategic objectives to risks, controls and assurances
KLOE 4.3 The Authority and Force have arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	Whilst progress in this area is ongoing, the Authority should ensure that they and the Force adequately resource and undertake proactive counter fraud and corruption work which is determined by a formal risk assessment.

Value for money

Theme score - 3	
Purpose	
To assess the achievement of value for money within the Authority and Force and to conclude on the robustness of arrangements to secure improvements.	
Key findings and conclusions	
<p>The Authority has demonstrated that it is performing strongly within this theme, and the level 3 score represents an improvement from 2006/07.</p> <p>In 2007/08, there has been sustained, and in some exceptional, improvement in many key areas. In particular:</p> <ul style="list-style-type: none"> Recorded crime reduced by 14 per cent during 2007/08, the sixth best performance nationally with reductions in all key areas. All four CDRPs in Humberside met their PSA1 targets, something that looked extremely unlikely a year ago. A letter of congratulations has been received from GOYH noting that the regional targets were the most demanding nationally. Sanction detection rates are clearly improving in all key areas (with the exception of domestic burglary, which is stable). Perception of crime shows a steady performance. Fear of car crime and perception of antisocial behaviour and drug taking are the lowest within the MSF. The Force is second best nationally for sickness absence for police officers and other staff. 	
Improvement opportunities	
KLOE 5.1 The Authority and Force currently achieves good value for money.	<p>Review performance in inputting arrests/summons onto PNC and take appropriate actions to ensure that national standards are being achieved.</p> <p>Continue to address low levels of confidence in the police, particularly in respect of minor crime.</p>
KLOE 5.2 The Authority and Force manage and improve value for money.	<p>Extend benchmarking data to cover additional areas, such as personnel and police authority performance.</p> <p>Continue to work towards achieving the Force's target for LPG usage.</p>

Theme score - 3	
	<p>The Force should state explicitly the quality and completeness of data provided by partner agencies and obtain appropriate assurances that this will be provided.</p> <p>Complete outstanding actions from our previous review of data quality including:</p> <ul style="list-style-type: none"> • Ratifying force-wide data quality policy • Implement outstanding training requirements • Identify alternative means of accurately recording race and hate crime incidents. <p>Ensure that environmental and social impacts are given due consideration in procurement and other decision-making processes.</p> <p>Evaluate partnership arrangements to ensure they provide value for money and that expected outcomes are clearly identified so that progress can be effectively monitored.</p> <p>Continue to work with partners to develop a regional procurement strategy that includes due recognition of environmental and social issues.</p>

Status of the report and next steps

- 14 We will share our interim scores, findings and conclusions and local reports with the Director of Performance and Resources and Assistant Chief Officer (Support) prior to presenting to the Finance committee.
- 15 The interim report will be presented to the Finance committee by the 14th July 2008.
- 16 We will complete our work on the financial reporting theme following receipt of the 2007/08 financial statements in accordance with the agreed timetable. We will also revisit the financial standing theme based on outcomes from the 2007/08 audit of the financial statements.
- 17 We will share our final scores, findings and conclusions and local reports with the Director of Performance and Resources and Assistant Chief Officer (Support) prior to presenting to the Finance committee.
- 18 The final report will be presented to the Finance committee by the 17th October 2008.

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